

February 25, 2013

Congressional Addressees

*Subject: Defense Contracting: Actions Needed to Explore Additional Opportunities to Gain Efficiencies in Acquiring Foreign Language Support*

According to the Department of Defense (DOD), the ability of U.S. military personnel to communicate and interact with multinational partners, security forces, and local indigenous populations can be critical factors to mission success, as evidenced by operational experiences in Afghanistan and Iraq. DOD utilizes language professionals and regional experts within its ranks of military personnel to provide foreign language support,<sup>1</sup> such as foreign language skills, regional expertise, and cultural awareness capabilities needed to execute missions, as well as contracted interpreters and translators who provide this support. To meet increased demands on the need for foreign language support from ongoing contingency operations, DOD has relied on contractors to supplement the capability provided by military personnel. For example, the number of contractor personnel required to provide foreign language translation and interpretation services for contingency operations more than tripled from 2004 to 2010 (from about 4,000 to about 14,000). As of November 2012, the number of contractor personnel required by DOD was approximately 9,000. As a result, DOD has made considerable investments in providing contract support. For example, DOD obligated about \$6.8 billion from fiscal years 2008 through 2012 to acquire a variety of foreign language-related services and products to support its forces.

We have identified opportunities for DOD to improve its approach to contracting from a broad perspective as well as in areas related to foreign language support. For example, DOD contract management is on our list of high-risk areas in the federal government.<sup>2</sup> In 2013, we noted that DOD needed to take steps to strategically manage the acquisition of services, including developing the data needed to define and measure desired outcomes to improve outcomes on the billions of dollars that DOD spends annually on goods and services.<sup>3</sup> Furthermore, since 2009 we have identified a number of management challenges

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<sup>1</sup>DOD has not defined "foreign language support" as a specific set of services or products. However, during the course of our review officials representing DOD components, which include the military services, combatant commands, and defense agencies, identified a range of services and products that are considered "foreign language support," such as translation and interpretation services and the use of personnel with language skills to serve as role players during training exercises. Therefore, in this report we use the term "foreign language support" to refer to this range of services and products.

<sup>2</sup>GAO's High Risk Program highlights major areas that are at high risk for waste, fraud, abuse, or mismanagement, or are in broad need of reform.

<sup>3</sup>GAO, *High-Risk Series: An Update*, GAO-13-283, (Washington, D.C.: February 2013).

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that DOD has faced in developing a strategic planning process to transform foreign language and regional proficiency capabilities, identifying training requirements, and reducing unnecessary overlap and duplication in foreign language and cultural awareness training products acquired by the military services.<sup>4</sup> For example, in our 2012 annual report to Congress highlighting areas in the federal government where duplication, overlap, and fragmentation exists, and where programs may be able to achieve greater efficiencies in providing government services, we included DOD's language and culture training programs as one of 51 areas in the federal government where greater efficiencies might be achieved. In that report, we identified overlapping and potentially duplicative foreign language and culture training products that were either developed or contracted for by the military services, and found that DOD had limited visibility into the investments it was making in this area. On the basis of our work, DOD has taken positive steps to coordinate contracting for language and culture training products and collaborate on the development of future products that support their use by multiple services. Notwithstanding these efforts, DOD's considerable investment in foreign language support contracts and the challenges we have identified in our prior work suggest that additional opportunities may exist for DOD to gain efficiencies in its contracting approach for related services and products.

We conducted this work in response to a congressional mandate set forth in Section 21 of Public Law 111-139. That legislation requires that we identify government programs, agencies, offices, and initiatives with duplicative goals and activities and report our findings to Congress. Our objective for this report was to determine the extent to which DOD has taken steps to achieve efficiencies in its approach to contracting for foreign language support, and whether additional opportunities exist to gain further efficiencies.

To determine the extent to which DOD has taken steps to achieve efficiencies in its approach to contracting for foreign language support, and whether additional opportunities exist, we assessed DOD's management practices in contracting for foreign language support in light of DOD guidance that describes the importance of centralizing and standardizing the department's contracting for foreign language support<sup>5</sup> and in light of best practices established in our prior work on defense contracting and government acquisition.<sup>6</sup> We also examined the extent of DOD's contracting activity for foreign language support. Specifically, we developed a list of DOD contracts administered between October 2007

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<sup>4</sup>See, for example, GAO, *2012 Annual Report: Opportunities to Reduce Duplication, Overlap and Fragmentation, Achieve Savings, and Enhance Revenue*, GAO-12-342SP (Washington, D.C.: February 28, 2012); *Language and Culture Training: Opportunities Exist to Improve Visibility and Sustainment of Knowledge and Skills in Army and Marine Corps General Purpose Forces*, GAO-12-50 (Washington, D.C.: Oct. 31, 2011); *Military Training: Actions Needed to Improve Planning and Coordination of Army and Marine Corps Language and Culture Training*, GAO-11-456 (Washington, D.C.: May 26, 2011); and *Military Training: DOD Needs a Strategic Plan and Better Inventory and Requirements Data to Guide Development of Language Skills and Regional Proficiency*, GAO-09-568 (Washington, D.C. June 19, 2009).

<sup>5</sup>See Department of Defense, *Defense Language Transformation Roadmap*, (January 2005) and Department of Defense Directive 5160.41E, *Defense Language Program*, (Oct. 21, 2005, incorporating change 1, May 27, 2010).

<sup>6</sup>See, for example, GAO, *Strategic Sourcing: Improved and Expanded Use Could Save Billions in Annual Procurement Costs*, GAO 12-919, (Washington, D.C.: Sept. 20, 2012); *Best Practices: Using Spend Analysis to Help Agencies Take a More Strategic Approach to Procurement*, GAO-04-870 (Washington, D.C.: Sept. 16, 2004); *Best Practices: Improved Knowledge of DOD Service Contracts Could Reveal Significant Savings*, GAO-03-661, (Washington, D.C.: June 9, 2003); and *Standards for Internal Control in the Federal Government*, GAO/AIMD-00-21.3.1, (Washington, D.C.: November 1999).

through September 2012 using the Federal Procurement Data System – Next Generation database (FPDS-NG). Our list included each purchase order, delivery order, task order, and agreement used by DOD to obtain foreign language support services and products. We chose the 2008 through 2012 timeframe in order to review contracting trends for foreign language support during the most recent 5-year period since DOD announced that an executive agent would be appointed to arrange for foreign language support for all components. From the contract information collected, we performed a content analysis and developed categories to identify the different types of missions and activities that were supported with foreign language services and products provided by the contracts. To calculate the value of DOD's contracts, we used the contract obligations and deobligations<sup>7</sup> reported in FPDS-NG and in the contract documents. To address potential data reliability issues, we took steps to improve the completeness and accuracy of the data included in our analysis. For example, to improve completeness, we verified with DOD officials that the contracts we identified from the interpretation and translation services query of the FPDS-NG database should be included in our analysis and requested that these officials identify any missing foreign language support contracts that were not on the list. Moreover, in some instances the information in FPDS-NG was incomplete or not comprehensive. To improve the accuracy of the data for these contracts, we reviewed the associated contract documents contained on DOD's Electronic Document Access website. We believe the data analyzed to be sufficiently reliable for the purposes of this engagement.

We conducted this performance audit from April 2012 to February 2013 in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objective. A more detailed discussion of our scope and methodology can be found in enclosure I.

## **Results in Brief**

DOD has taken some steps to gain efficiencies in its approach to contracting for certain types of foreign language support services and products, but its contracting approach for other types remains fragmented across multiple components, and DOD has not explored whether additional opportunities exist to gain efficiencies across this broader range of contracting activity. In 2005, DOD sought to centralize and standardize contracting efforts for foreign language support by designating the Army as an executive agent to manage contracting in this area. In performing its responsibilities, the executive agent has focused its efforts solely on arranging for contracts to acquire translation and interpretation services for contingency operations because of the rapidly increasing requirements for these services. Specifically, from fiscal year 2008 through 2012, the Army, as executive agent, obligated about \$5.2 billion for contracts to provide DOD components with translation and interpretation services for contingency operations. During the same time period, we found that multiple DOD components contracted independently for foreign language support outside of the executive agent's management. Specifically, to support the needs of contingency operations, predeployment training, and day-to-day military activities, we identified 159 contracting organizations in 10 different DOD components that obligated

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<sup>7</sup>“Deobligations” are an agency's cancellation of previously incurred obligations.

approximately \$1.2 billion on contracts for foreign language support outside of those managed by the executive agent. In some cases, DOD has gained efficiencies by centralizing contracting for certain foreign language support contracts under an executive agent, but DOD has not comprehensively assessed whether additional opportunities exist to gain efficiencies across a broader range of foreign language support contracts. Best practices for service acquisition suggest that DOD's acquisition approach should provide for an agency-wide view of service contract spending and promote collaboration to leverage buying power across multiple organizations. Implementing such an approach requires an analysis of where an organization is spending its money, which should be the starting point for gaining knowledge that can assist agencies in determining which products and services warrant a more coordinated acquisition approach.<sup>8</sup> However, DOD has not conducted an analysis of this type to evaluate the whole range of services and products that are currently managed outside the executive agent and determine whether additional efficiencies could be gained. Without a more complete understanding of where the department is spending resources on foreign language support contracts, DOD does not have all of the information it needs to make informed decisions about the types of services and products that could be managed by the executive agent and does not have reasonable assurance that it is fully leveraging its buying power for foreign language support. As a result, we are recommending that the Secretary of Defense direct the Under Secretary of Defense for Personnel and Readiness to conduct an assessment of the department's current approach for managing foreign language support contracts to include an analysis of spending for other types of foreign language support services and products that have been acquired by DOD components outside of the executive agent and a re-evaluation of the scope of the executive agent's management efforts to determine if any adjustments are needed.

In commenting on a draft of this report, DOD agreed with our recommendations. We discuss DOD's comments later in this report. DOD's comments are reprinted in enclosure II. DOD also provided technical comments on a draft of this report, which we incorporated, where appropriate.

## Background

The Office of the Secretary of Defense and the military services have taken a number of steps in recent years to transform foreign language, regional expertise, and cultural capabilities across the department, recognizing that these are critical capabilities for military operations, day-to-day activities, and training. In 2005, for example, DOD updated the Defense Language Program directive, highlighting the importance of language proficiency and regional expertise to DOD missions.<sup>9</sup> In addition, in our prior work, we reported that the military services are implementing strategies to build and reinforce language and culture knowledge and skills through training at various points of a service member's career through formal service institutions, such as professional military education schools, and during predeployment training that is focused on the particular area to which a unit will deploy.<sup>10</sup> This training can include self-directed learning, classroom instruction, and interacting with foreign language- and culture-enabled role players. Figure 1 shows examples of the various

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<sup>8</sup>GAO-04-870.

<sup>9</sup>Department of Defense Directive 5160.41E, *Defense Language Program*.

<sup>10</sup>GAO-11-456.

types of foreign language support that DOD has acquired through contracts to enhance language and culture capabilities of its military forces.

**Figure 1: Types of Contract Support to Enhance DOD Foreign Language and Culture Capabilities**



Source: GAO analysis of DOD data.

### **DOD Has Taken Some Steps to Gain Efficiencies in the Management of Certain Types of Foreign Language Support Contracts but Has Not Fully Explored Additional Opportunities**

DOD contracts for a broad range of foreign language support services and products and has taken some steps to gain efficiencies by centralizing and standardizing the contracting for certain types of foreign language-related products and services under an executive agent. However, the scope of these efforts has been limited to contracts for translation and interpretation services in support of contingency operations. DOD had not comprehensively assessed whether additional opportunities exist to gain efficiencies for a broader range of foreign language support contracts.

#### **DOD Established an Executive Agent to Achieve Efficiencies in Its Approach to Contracting for Foreign Language Support**

DOD has taken some steps to centralize and standardize its contracting efforts by establishing an executive agent for foreign language support to increase collaboration, minimize potential duplication, gain efficiencies, and control spending for related services. In its 2005 *Defense Language Transformation Roadmap*, DOD included a goal to centralize and standardize contracting for foreign language support. The roadmap called for the appointment of an executive agent to arrange for foreign language support for all DOD components, which would include establishing procedures for DOD components to request and receive this support on a contract basis. Consistent with the roadmap, the Secretary of Defense subsequently designated the Army as the DOD executive agent for foreign language support contracts and tasked the Under Secretary of Defense for Personnel and Readiness with the responsibility for developing and issuing the appropriate policies for the implementation and management of the executive agent.<sup>11</sup> In general, the activities conducted by the executive agent include:

<sup>11</sup>Department of Defense Directive 5160.41E, *Defense Language Program*.

- *Providing policy guidance*: Developing policies and procedures to guide such things as requirements identification and allocation to military commands and counterintelligence and security screening of contractors.
- *Coordinating with DOD components*: Working with defense organizations in identifying and filling foreign language support requirements, which includes developing a process to rapidly increase the number of contractors to support contingency operations.
- *Identifying resources*: Developing annual budget requests and securing funding to meet the program's requirements.
- *Providing oversight*: Establishing management controls over the program to ensure adherence to established program procedures, applicable DOD directives, Army security regulations and policies, and established memorandums of agreement/understanding.

While the executive agent's responsibility generally extends to all foreign language support contracts, under certain circumstances DOD components can contract independently for foreign language support. Within Department of Defense Directive 5160.41E, DOD also established the following two types of exceptions to the directive's requirement that components use the executive agent to manage foreign language support contracts:

- for "personal services contracts"<sup>12</sup> established by in-theater personnel, intelligence, counterintelligence organizations, and U.S. Special Operations Command in accordance with Section 129b of Title 10 of U.S. Code
- for direct contracting of language services established by a memorandum of agreement between the contracting entity and the executive agent.

Two organizations within the Army have key roles and responsibilities related to the executive agent's management of foreign language support contracts.

- The Army Deputy Chief of Staff for Intelligence, G-2, has been delegated the executive agent responsibility within the Army. It issues policy, coordinates the validation of requirements across DOD stakeholders, secures funding, and provides oversight for the executive agent's contracts. The Deputy Chief of Staff for Intelligence, G-2 also grants any exceptions to policy requested by DOD components for the direct contracting of language services. This office has delegated contract administration responsibilities to the Army Intelligence and Security Command.
- The Army Intelligence and Security Command executes and administers the executive agent's contracts. The scope of the command's contracts has changed over time. Initially, when first assigned its responsibilities, the Army Intelligence and Security Command established four geographically based contracts, three for foreign language

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<sup>12</sup>A personal services contract is characterized by the employer-employee relationship it creates between the government and the contractor's personnel. Federal Acquisition Regulation (FAR) § 37.104. These contracts, by their express terms or as administered, make the contractor personnel appear to be, in effect, government employees. FAR § 2.101. Personal services contracts are generally prohibited; however personal services contracts that directly support the mission of a defense intelligence component, counter-intelligence organization, or the special operations command of the DOD are authorized by statute. 10 U.S.C § 129b(d).

support and one contract for exercise support, such as predeployment training. However, in 2010, the command developed the *Department of Defense Language Interpretation and Translation Enterprise* contract. According to DOD, this contract is intended to provide DOD components with an “enterprise-wide” contract from which components can acquire the foreign language support needed to meet ongoing, new, and/or changing mission requirements.<sup>13</sup> Moreover, according to DOD, the contract was designed to be sufficiently flexible and comprehensive to provide for the rapid delivery of an affordable capability to meet diverse worldwide foreign language support requirements.

To use the executive agent’s contracts, DOD components submit their foreign language support requirements to the Army Deputy Chief of Staff, G-2 who then coordinates the validation of the requirements with stakeholders and instructs the Intelligence and Security Command to contract for the needed services for the respective DOD component. In their request for support from the executive agent, components must generally include the number of required contractor personnel by language, necessary clearance level, requisite skills (i.e., reading, writing, or speaking), and any gender-specific requirements. When assigned a contractor, the requesting components are responsible for ensuring that the contractor is provided the same protection, living and working conditions, and are housed and fed in the same facilities as the unit they support.

DOD’s effort to centralize and standardize contracting for certain types of foreign language support under an executive agent has resulted in some efficiencies. For example, executive agent officials stated that by establishing an executive agent focused on identifying efficiencies in the area of translation and interpretation services in support of contingency operations, the executive agent was able to build upon department-wide efforts to improve the security clearance process for contractor personnel. Specifically, the executive agent identified and addressed the need for a standardized process for submitting paperwork and conducting security investigations for potential contract interpreter/translators, which helped reduce the amount of time it took to complete the security clearance vetting process from about 4 months to 6 weeks.

#### Executive Agent Manages Contracts for Certain Types of Foreign Language Support Services and Products

DOD contracts for a broad range of foreign language support products and services, but the executive agent, in performing its responsibilities has generally focused its management efforts on contracts that provide foreign language translation and interpretation services for contingency operations and not other services and products, such as foreign language-enabled role players. From fiscal year 2008 through fiscal year 2012, DOD obligated about \$6.8 billion to acquire a variety of related services and products, in order to provide foreign language support to its forces. Of this amount, the Army, as executive agent, obligated a total of approximately \$5.2 billion on contracts it manages to provide the DOD components with foreign language translation and interpretation services for contingency operations. Figure 2 shows the executive agent’s annual obligations for foreign language support

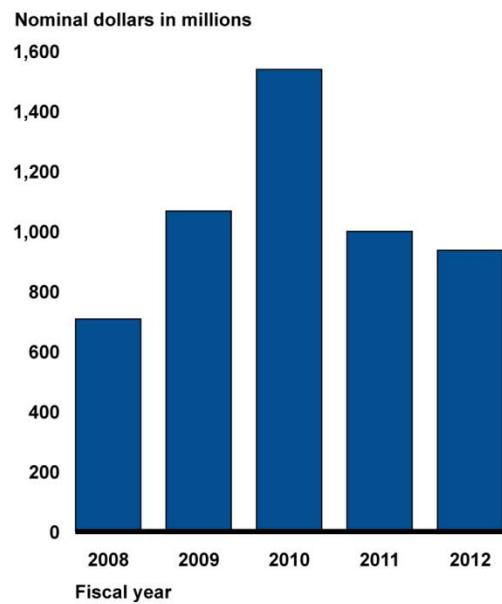
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<sup>13</sup>“Enterprise-wide” contracts are agency-wide contracts where one component within an agency awards a contract for use by all components of that agency. The use of these contracts is intended to reduce contracting costs, such as administrative overhead, and leverage the purchasing power of the agency.

contracts, which ranged from approximately \$707 million in fiscal year 2008 to \$1.5 billion in fiscal year 2010.

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**Figure 2: Executive Agent's Annual Obligations for Foreign Language Support Contracts (Fiscal Years 2008 through 2012)**



Source: GAO analysis of DOD data.

During this same time frame, we found that multiple DOD components contracted independently for other types of foreign language support outside the executive agent's contracts to support the needs of contingency operations, predeployment training, and day-to-day military activities. For example, DOD components contracted for foreign language translation and interpretation services for both contingency and noncontingency operations, foreign language- and culture-enabled role players for training exercises, and foreign language instruction for military personnel, among other services and products. Specifically, we identified 159 contracting organizations in 10 different DOD components that obligated approximately \$1.2 billion on foreign language support contracts outside of those managed by the executive agent.

Table 1 shows the mission type or activity and associated obligations for contracts managed by the executive agent and DOD components outside the executive agent.

**Table 1: Obligations for Contracts Managed by the Executive Agent and other DOD Components (Fiscal Years 2008 through 2012)**

Contracting organization	Mission type or activity	Example of contract service or product	Obligation
<b>Contracts under executive agent</b>			
Army Intelligence and Security Command <sup>a</sup>	Contingency operations	<ul style="list-style-type: none"> <li>Interpretation and translation services for deployed units</li> </ul>	\$5,248 million <sup>b</sup>
<b>Contracts outside executive agent</b>			
23 contracting organizations	Contingency operations	<ul style="list-style-type: none"> <li>Interpretation and translations services for legal trials</li> <li>Culture subject matter experts</li> <li>Reference material products</li> </ul>	\$143.1 million
29 contracting organizations	Predeployment training	<ul style="list-style-type: none"> <li>Foreign language and culture enabled role players</li> <li>Culture training</li> <li>Language training</li> </ul>	\$828.9 million
119 contracting organizations	Day-to-day military activities	<ul style="list-style-type: none"> <li>Interpretation and translation services for professional conferences and meetings</li> <li>Translation of training course materials</li> <li>Language training as part of professional military education</li> </ul>	\$75.7 million
Total outside executive agent			\$1,047.7 million <sup>b</sup>
<b>DOD-wide total</b>			<b>\$6,295.7 million<sup>c</sup></b>

Source: GAO analysis.

Notes: The number of contracting organizations managing contracts outside of the executive agent in the table is 171 and not the 159 mentioned earlier in the report because several organizations had contracts for more than one type of foreign language support service as well as contracts to provide a combination of services.

<sup>a</sup>The Army Deputy Chief of Staff for Intelligence, G-2, has been delegated the executive agent responsibility within the Army. This office delegated contract administration responsibilities to the Army Intelligence and Security Command which executes and administers the contracts that support the executive agent's program.

<sup>b</sup>Obligation dollar amounts include some but not all direct costs for foreign language support contracts. For example, according to DOD officials, some costs, such as those to provide contractor personnel with lodging and meals are contained in separate contracts from those that provide the foreign language support services.

<sup>c</sup>The total obligation amount does not include \$394 million in obligations for contracts that the executive agent considered excepted from its program by policy or \$134 million in obligations for contracts where we were unable to determine the mission type from the contract information.

### DOD Has Not Explored Whether Additional Opportunities Exist to Gain Efficiencies in Its Contracting Approach for Other Types of Foreign Language Support

Although DOD has centralized its contracting for certain foreign language services under an executive agent, it has not taken steps to comprehensively assess whether additional opportunities exist to gain efficiencies in the contracting for other types of foreign language support products and services. Our prior work has found that the results of an analysis of an organization's spending can be leveraged to institute changes aimed at moving away from a fragmented procurement process to a more efficient and effective process.<sup>14</sup> Best practices in service acquisition suggest that DOD's acquisition approach should provide for an agency-wide view of service contract spending and promote collaboration to leverage

<sup>14</sup>GAO-04-870.

buying power across multiple organizations.<sup>15</sup> Implementing such an approach requires an analysis of where an organization is spending its money, which should be the starting point for gaining knowledge that can assist agencies in determining what products and services warrant a more coordinated acquisition approach. For example, we reported that the Department of Veterans Affairs has had significant success using analyses of spending on an ongoing basis to take a more strategic approach to pharmaceutical procurement and that the use of these analyses led to savings of \$394 million in fiscal year 2003 alone. More recently, we reported that opportunities exist for agencies to realize significant savings through the improved and expanded use of such practices, particularly for the acquisition of services.<sup>16</sup> Specifically, we found that selected agencies leveraged only a fraction of their buying power and achieved limited savings. For example, in fiscal year 2011, the Departments of Defense, Homeland Security, Energy, and Veterans Affairs, accounted for 80 percent of the \$537 billion in federal procurement spending, but reported strategically managing about 5 percent or \$25.8 billion through efforts designed to leverage their buying power. These agencies reported savings of \$1.8 billion—less than 0.5 percent of procurement spending. While not all procurement spending may be suitable for a more centralized effort, this percentage of managed spending and savings is very low compared with the practice of leading companies, which generally strategically manage about 90 percent of their procurement spending and achieve savings of 10 to 20 percent of total procurements annually. Further, we found that agencies, including DOD, reported savings between 5 and 20 percent when strategic sourcing contracts were used by implementing more coordinated acquisition approaches rather than fragmented contracting.

Notwithstanding the positive benefits of establishing an executive agent, DOD has not taken steps to comprehensively assess spending on foreign language support contracts and explore whether additional opportunities exist to gain further efficiencies and reduce fragmentation across a broader range of services and products. According to officials, DOD's "enterprise-wide" contract (the *Department of Defense Language Interpretation and Translation Enterprise* contract) established by the Army Intelligence and Security Command and overseen by the executive agent was intended to provide a broad range of foreign language support, including both language and culture services to support worldwide operations, training, and day-to-day military activities. However, executive agent officials noted that their management efforts have been focused on contracts specifically for foreign language translation and interpretation services associated with contingencies because of the escalating costs to provide these services for ongoing military operations, and therefore they have not looked for additional opportunities, including conducting any kind of analysis of spending. These officials agreed that a better understanding of the department's spending on contracts for the whole spectrum of foreign language support could better inform areas where the executive agent could focus its management efforts. Because of the fragmented approach DOD has taken in contracting for some types of foreign language support, the department has assumed some risk that it is not maximizing opportunities to reduce its contracting costs by leveraging its buying power through more coordinated contracting approaches, such as by utilizing the executive agent's Department of Defense Language Interpretation and Translation Enterprise contract.

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<sup>15</sup>GAO-03-661.

<sup>16</sup>GAO-12-919.

## Conclusions

Current fiscal pressures and budgetary constraints have heightened the need for agencies to take full advantage of coordinated acquisition practices and maximize efficiencies. DOD has taken steps to centralize contracting for translation and interpretation services for contingency operations, which represent a substantial portion of DOD's contract obligations for foreign language support. However, DOD's acquisition approach for other types of foreign language services and products, such as foreign language-enabled role players, remains fragmented across multiple DOD components. The executive agent's decision to focus solely on translation and interpretation services associated with contingency operations was based on the escalating costs to provide these services for ongoing operations and a recognition that opportunities existed to increase collaboration and gain efficiencies in contracting for these services. Yet, DOD has not comprehensively assessed whether there are additional opportunities to gain efficiencies, such as by conducting an analysis of spending for other types of foreign language support services and products that have been acquired by DOD components outside the management of the executive agent. Without a more complete understanding of the magnitude of the investment it is making to contract for foreign language support, DOD does not have the information it needs to determine if there are additional types of services or products that are more appropriately managed by the executive agent or reasonable assurance that it is fully leveraging its buying power for related services and products.

## Recommendations for Executive Action

To improve the department's ability to make more informed decisions about the future direction of the Defense Language Program, we recommend that the Secretary of Defense direct the Under Secretary of Defense for Personnel and Readiness to assess its current approach for managing foreign language support contracts. At a minimum, such an assessment should include

- an analysis of spending for other types of foreign language support services and products that have been acquired by DOD components outside the management of the executive agent
- a re-evaluation (based on the results of the analysis of spending outside the executive agent) of the scope of the executive agent's management of foreign language support contracts to determine whether any adjustments are needed.

## Agency Comments and Our Evaluation

In written comments on a draft of this report, DOD agreed with our recommendations and stated that the Defense Language and National Security Education Office will lead the assessment for the Office of the Under Secretary of Defense for Personnel and Readiness. DOD stated the target date for completion of this effort is June 2015.

In addition to responding to our recommendations, DOD provided general comments on our report. First, DOD noted that requirements for foreign language capability are in constant flux and that the department is challenged to meet ad hoc and surge requirements, primarily because it takes years to develop organic capacity for these capabilities. DOD noted that it turns to contractors to help meet these ad hoc and surge requirements.

Second, DOD noted that our report employs a broader definition of “foreign language support” than understood between the Office of the Secretary of Defense and the Army G-2 when establishing their contracts for foreign language support under the executive agent relationship. DOD noted that under its definition, language training, cultural training, cultural advisors, cultural subject matter experts, and cultural role players would not fall under the current contract foreign language support executive agent or be subject to the same foreign language support contracts.

We agree with DOD’s characterization of our definition of the term “foreign language support”. As stated in our report, DOD has not defined foreign language support as a specific set of services and products. Therefore, we used a broader definition to reflect the range of services and products that were identified and considered by DOD officials to be foreign language support. Our report also reflects DOD’s point that the executive agent chose to focus its efforts solely on arranging for contracts to acquire translation and interpretation services for contingency operations because of the rapidly increasing requirements for these services. We further noted that because there is a significant amount of spending for other types of foreign language-related services and products outside of the executive agent’s contract, DOD may be able to gain additional efficiencies if it assesses its spending across a broader range of foreign language-related contracting activity. We also recognize that additional foreign language-related services may involve other variables, such as different skill sets, which DOD would need to take into account as it reassesses its current approach.

DOD’s comments are reprinted in their entirety in enclosure II. DOD also provided technical comments, which we incorporated into the report, where appropriate.

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We are sending copies of this report to other interested congressional committees, the Secretary of Defense, and other interested parties. In addition, the report is available at no charge on the GAO website at <http://www.gao.gov>.

If you or your staff have any questions about this report, please contact me at (202) 512-9619 or [pickups@gao.gov](mailto:pickups@gao.gov). Contact points for our Offices of Congressional Relations and Public Affairs may be found on the last page of this report. Key contributors to this report are listed in enclosure III.



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and Management

Enclosures - 3

*List of Addressees*

The Honorable Carl Levin  
Chairman  
The Honorable James Inhofe  
Ranking Member  
Committee on Armed Services  
United States Senate

The Honorable Ron Johnson  
Ranking Member  
Subcommittee on Financial and Contracting Oversight  
Committee on Homeland Security and Governmental Affairs  
United States Senate

The Honorable Howard P. "Buck" McKeon  
Chairman  
The Honorable Adam Smith  
Ranking Member  
Committee on Armed Services  
House of Representatives

## Enclosure I: Scope and Methodology

To address our objective, we drew heavily on our prior work in defense contracting and other areas. Specifically, we compared DOD's current management practices for contracting for foreign language support with best practices established in our prior work on defense contracting, government acquisition, and standards for internal controls, to examine areas where there may be opportunities to gain efficiencies or effectiveness in the management of the current contracts.<sup>17</sup> We assessed these efforts in light of DOD guidance that describes the importance of centralizing and standardizing the Department's contracting for foreign language support.<sup>18</sup>

We also examined the extent of DOD's contracting activity for foreign language support. Specifically, we developed a list of DOD contracts for foreign language support from October 2008 through September 2012 that were included in the Federal Procurement Data System – Next Generation database (FPDS-NG). We included all DOD components, including the military services and combat support agencies, that had contracted for foreign language support services during the review timeframe and each purchase order, delivery order, task order, and agreement these components used to obtain foreign language support products and services. Although our analysis included contracts that provided both foreign language support services and products, the majority of contracts included in our analysis were for services. We chose the 2008 through 2012 timeframe in order to review contracting trends for foreign language support during the most recent 5-year period since the establishment of the DOD executive agent.

We focused our contract searches in FPDS-NG on three of the types of foreign language support that were most frequently discussed by DOD officials – translation, interpretation and role playing. For the initial query, we used the North American Industry Classification System (NAICS) code for translation and interpretation services, which is the standard used by federal statistical agencies in classifying business establishments for the purpose of collecting, analyzing, and publishing statistical data related to the U.S. business economy. After reviewing the initial findings of this data, we observed that the services recorded by DOD components varied under the NAICS codes for cultural and language-enabled role player contracts. As a result, we again queried FPDS-NG using a “role player” keyword search in the “description of requirement” data field to identify additional contracts for role players that were not included in our initial query.

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<sup>17</sup>GAO, *Strategic Sourcing: Improved and Expanded Use Could Save Billions in Annual Procurement Costs*, GAO 12-919, (Washington, D.C.: Sept. 20, 2012); *Best Practices: Using Spend Analysis to Help Agencies Take a More Strategic Approach to Procurement*, GAO-04-870, (Washington, D.C.: Sept. 16, 2004); *Best Practices: Improved Knowledge of DOD Service Contracts Could Reveal Significant Savings*, GAO-03-661, (Washington, D.C.: June 9, 2003) and; *Standards for Internal Control in the Federal Government*, GAO/AIMD-00-21.3.1, (Washington, D.C.: November 1999).

<sup>18</sup>See Department of Defense, *Defense Language Transformation Roadmap*, (January 2005), and Department of Defense Directive 5160.41E, *Defense Language Program*.

We have previously reported that FPDS-NG has had various data reliability issues, such as data inaccuracy.<sup>19</sup> To address potential data reliability issues, we took steps to improve the completeness and accuracy of the data included in our analysis. For example, to improve completeness, we verified with DOD officials that the contracts we identified from the interpretation and translation services query of the FPDS-NG database should be included in our analysis and requested that these officials identify any missing foreign language support contracts that were not on the list. In addition, in the case of DOD combat support agencies, such as the Defense Intelligence Agency and the National Security Agency, some contract information was classified and, as such, information regarding these agencies' contracts was not available in FPDS-NG. For these contracts we met with the relevant agency officials and obtained their foreign language support contracts. However, due to the lack of a standard definition for "foreign language support" and the fact that various NAICS codes were assigned to similar types of services, we were unable to identify the universe of foreign language support contracts. Moreover, in some instances the information in FPDS-NG was incomplete or not comprehensive. To improve the accuracy of the data for these contracts, we reviewed the associated contract documents contained on DOD's Electronic Document Access website. From the contract information collected from FPDS-NG, the Electronic Document Access website, and during interviews with agency officials, we performed a content analysis and developed categories to identify the different types of activities and missions that were supported with foreign language services and products by the contracts. To complete the content analysis, two GAO analysts independently reviewed the contract information and coded them into separate types of foreign language support missions and activities. When the coding was completed, both analysts reviewed every code made by the other analyst and indicated whether they agreed or disagreed with the code. The analysts then met to discuss their coding determinations and to reach agreement where there were any discrepancies. To calculate the value of DOD's contracts, we used the contract obligations reported in FPDS-NG and in the contract documents contained on DOD's Electronic Document Access website and obtained directly from agency officials. In some instances, the data found in the contract documents included deobligations, in which case, we subtracted the respective amounts from our obligation total.<sup>20</sup> We believe the data analyzed to be sufficiently reliable for the purposes of this engagement.

We obtained documentation, where appropriate, and interviewed officials at the following locations:

#### **Office of the Secretary of Defense**

- Office of the Under Secretary of Defense for Acquisition, Technology, and Logistics
- Office of the Under Secretary of Defense for Personnel and Readiness
- Office of the Under Secretary of Defense for Intelligence

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<sup>19</sup>GAO, *Federal Contracting: Observations on the Government's Contracting Data Systems*, GAO-09-1032T (Washington, D.C.: Sept. 29, 2009) and *Interagency Contracting: Need for Improved Information and Policy Implementation at the Department of State*, GAO-08-578 (Washington, D.C.: May 8, 2008).

<sup>20</sup>"Deobligations" are an agency's cancellation of previously incurred obligations.

## **Department of the Army**

- Office of the Assistant Secretary of the Army for Acquisition, Logistics, and Technology
- Office of the Deputy Chief of Staff, G2
- Intelligence and Security Command
- 66th Military Intelligence Brigade
- European Cryptologic Center
- United States Army Europe
- 409th Contracting Support Brigade

## **Department of the Navy**

- Marine Corps Office of the Director for Intelligence
- Office of the Deputy Assistant Secretary of the Navy, Acquisition and Procurement

## **Department of the Air Force**

- Secretary of the Air Force, Acquisition and Contracting
- Intelligence, Surveillance, and Reconnaissance Agency

## **Other DOD Components**

- Defense Intelligence Agency
- Defense Security Cooperation Agency
- National Geospatial-Intelligence Agency
- National Security Agency
- U.S. Africa Command
- U.S. Central Command
- U.S. European Command
- U.S. Forces Afghanistan
- U.S. Special Operations Command

## **Other Federal Government Entities**

- General Services Administration
- National Virtual Translation Center

We conducted this performance audit from April 2012 to February 2013 in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objective.

## Enclosure II: Comments from the Department of Defense



OFFICE OF THE ASSISTANT SECRETARY OF DEFENSE  
4000 DEFENSE PENTAGON  
WASHINGTON, D.C. 20301-4000

FEB 13 2013

Ms. Sharon L. Pickup  
Director, Defense Capabilities and Management  
U.S. Government Accountability Office  
441 G Street, N.W.  
Washington, DC 20548

Dear Ms. Pickup,

This is the Department of Defense (DoD) response to the Government Accountability Office (GAO) draft report, GAO-13-251R, 'Defense Contracting: Actions Needed to Explore Additional Opportunities to Gain Efficiencies in Acquiring Foreign Language Support,' dated January 18, 2013 (GAO Code 351726).

DoD concurs with the recommendations made in the draft report. Detailed responses to those recommendations are contained in the enclosure. In addition, we would like to offer the following general comments on the report.

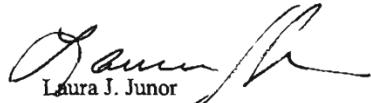
Requirements for foreign language capability are in constant flux. The Department is especially challenged to meet ad hoc and surge requirements, primarily because it takes years to develop the organic capacity. DoD turns to contractors to help meet these ad hoc and surge requirements.

The GAO Draft Report employs a broader definition of "foreign language support" than understood between the Office of the Secretary of Defense (OSD) and the Army G-2 when establishing the contract foreign language support under its Executive Agent relationship. This understanding focused on interpretation and translation services in demand to meet urgent surge and operational requirements of warfighters. Other services, such as cultural role playing and foreign language training, require different sets of skills, hiring practices, and contracting procedures. Foreign language training, for example, falls under a separate Executive Agent relationship with Army G-3/5/7 for the Defense Language Institute Foreign Language Center.

Figure 1 on page 6 of the GAO Draft Report highlights the difference in definition of the term "foreign language support." Under the DoD definition, language training, cultural training, cultural advisors, cultural subject matter experts, and cultural role players would not fall under the current contract foreign language support executive agency or be subject to the same foreign language support contracts. Table 1 on page 11 reiterates this difference in scope. The Department does not believe that contracts for culture subject matter experts, reference material products, culture enabled role players, translation of training course materials, and language training as part of professional military education require the same skill sets as contracts for interpretation and translation services.

Thank you for the opportunity to comment on this draft report. We look forward to receiving the final report, when available.

Sincerely,



Laura J. Junor  
Deputy Assistant Secretary of Defense  
(Readiness)

Enclosure:  
As stated

**GAO DRAFT REPORT DATED JANUARY 18, 2013**

**GAO-13-251R (GAO CODE 351726)**

**"DEFENSE CONTRACTING: ACTIONS NEEDED TO EXPLORE  
ADDITIONAL OPPORTUNITIES TO GAIN EFFICIENCIES IN  
ACQUIRING FOREIGN LANGUAGE SUPPORT"**

**DEPARTMENT OF DEFENSE COMMENTS  
TO THE GAO RECOMMENDATION**

**RECOMMENDATION 1:** The GAO recommends that the Secretary of Defense direct the Under Secretary of Defense for Personnel and Readiness to assess the current approach for managing foreign language support contracts. At a minimum, such an assessment should include an analysis of spending for other types of foreign language support services and products that have been acquired by DoD components outside of the executive agent.

**DoD RESPONSE:** Concur. The Defense Language and National Security Education Office will lead the assessment for the Office of the Under Secretary of Defense for Personnel and Readiness. The target date for completion is June 2015.

**RECOMMENDATION 2:** The GAO recommends that the Secretary of Defense direct the Under Secretary of Defense for Personnel and Readiness to assess the current approach for managing foreign language support contracts. At a minimum, such an assessment should include based on the results of the analysis, a re-evaluation of the scope of the executive agent's efforts to manage foreign language support contracts to determine if any adjustments are needed.

**DoD RESPONSE:** Concur. The Defense Language and National Security Education Office will lead the assessment for the Office of the Under Secretary of Defense for Personnel and Readiness. The target date for completion is June 2015.

Enclosure

## **Enclosure III: GAO Contact and Staff Acknowledgments**

### **GAO Contact**

Sharon L. Pickup, (202) 512-9619 or [pickups@gao.gov](mailto:pickups@gao.gov)

### **Staff Acknowledgments**

In addition to the contact named above, Matthew Ullengren, Assistant Director; Shawn Arbogast; Richard Burkard; Carolynn Cavanaugh; Carole Coffey; David Hancock; Mae Jones; Julia Kennon; Susan Langley; Michael Silver; and John Van Schaik made significant contributions to this report.

(351726)

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